



**Dated: August 19, 2020**

**The following is ORDERED:**

A handwritten signature in black ink, reading "Sarah A. Hall".

Sarah A Hall  
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF OKLAHOMA**

IN RE:  
TRUE COLOURS, INC.

Case No. 20-10845-SAH  
(Chapter 11)

Debtor.

**ORDER CONFIRMING TRUE COLOURS, INC.'S PLAN OF REORGANIZATION**

COMES NOW before the Court, *Debtor's Amended Plan of Reorganization* ("Plan") filed by True Colours, Inc. ("Debtor") on July 6, 2020 [Doc. 132], and United States on behalf of the Internal Revenue Service's *Objection To Confirmation Of Chapter 11 Plan Of Reorganization* filed July 21, 2020 [Doc. 156]. Based on a review of the foregoing pleadings and being fully advised the Court finds as follows:

1. The *Plan* was filed on July 6, 2020, and properly and timely mailed to all parties in interest.
2. The time for parties in interest to object to the Disclosure Statement and Plan has passed and the only objections are those set forth above.
3. Based on the foregoing objections, Debtor amends the Plan to provide the following regarding the Internal Revenue Service's ("IRS") claim: Administrative liabilities to the IRS, if any, shall be timely reported and paid in the normal course of business, in full, with interest pursuant to 26 U.S.C. §§ 6621 and 6622 and penalties, if any. Pursuant to 11 U.S.C. 1129(b)(2)(A), if any portion of the IRS's claim is secured, the IRS will retain its lien to the extent of the allowed amount of the claim. The unsecured priority claim of the IRS is allowed in full as filed on its proof of claim and shall be paid in equal monthly payments within five (5) years of the Order of Relief, with interest from the Confirmation Date at the rate of three (3) percent pursuant to 26 U.S.C. §§ 6621 and 6622.
4. Based on the request of the IRS, Debtor adds the following language regarding the IRS's claim:
  - (a) That the debt owed by the Debtors to the Internal Revenue Service (IRS) is a Non-Dischargeable debt, except as otherwise provided for in the Code, and that if the Debtors default, the IRS is not subject to the provisions of the Bankruptcy Code so that the IRS can take whatever actions are necessary to collect said debt in the event of default; the federal tax liens survive the plan confirmation, a bankruptcy discharge, and dismissal of the case. The Liens

continue to be enforceable against all of the debtor's property under federal law.

- (b) A failure by Debtor to make a payment to the Internal Revenue Service pursuant to the terms of the Plan and/or failure to remain current on filing and paying post-confirmation taxes, shall be an event of default, and as to the Internal Revenue Service, there is an event of default if payment is not received by the 15<sup>th</sup> day of each month. If there is a default, the Internal Revenue Service must send written demand for payment, and said payment must be received by the Internal Revenue Service within 15 days of the date of the demand letter. The Debtor can receive up to three notices of default from the Internal Revenue Service; however, on the third notice of default from the Internal Revenue Service the third notice cannot be cured, and the Internal Revenue Service may accelerate its allowed claim(s), past and future, and declare the outstanding amount of such claim(s) to be immediately due and owing and pursue any and all available state and federal rights and remedies. These default provisions pertain to the entire claim(s) of the Internal Revenue Service, secured, unsecured priority and unsecured general.
- (c) The IRS is bound by the provisions of the confirmed plan and is barred under 11 USC §1141 from taking any collection actions against Debtor for prepetition claims during the duration of the Plan (provided there is no default as to the IRS). The period of limitations on collection remains suspended under 26 USC § 6503(h) for the tax periods being paid under the Plan and terminates on the earlier of (1) all required payments to the IRS have been

made; or (2) 30 days after the date of the demand letter (described above) for which the debtor failed to cure the default

(d) The IRS may still pursue the Trust Fund Recovery Penalty.

(e) Debtor needs to stay current in filing and paying all post-petition tax returns and making federal tax deposits.

5. No other objections to the *Plan* have been raised, timely or otherwise.

6. After a hearing on notice, the requirements for confirmation set forth in 11 U.S.C. § 1129 have been satisfied and the *Plan* complies with the requirements of 11 U.S.C. § 1129 and may be confirmed pursuant to 11 U.S.C. §1191(a).

The Court finds that Debtor's *Plan* is confirmed as amended by this Order. A copy of the confirmed *Plan* is attached. All findings of fact are based upon representations of counsel for Debtor.

IT IS SO ORDERED.

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APPROVED:

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/s/ Karen Walsh

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